



CREDIT FOR EDUCATIONAL OPPORTUNITY WORKSHEET FOR EMPLOYERS - 2009 36 MRSA § 5217-D

EMPLOYER NAME: _____ EIN: _____

Entity Type: ☐ C Corporation ☐ S Corporation ☐ Partnership ☐ LLC ☐ Sole Proprietor

Qualified Employee Name: _____ SSN: _____

Maine Location at which Qualified Employee worked: _____

Read the instructions before completing this worksheet.

1. **Monthly benchmark loan payment amount.** Enter the monthly benchmark loan payment amount from the qualified employee's Student Opportunity Contract..... 1. \$ _____
2. **Monthly eligible education loan payment amount.** Enter the monthly amount of eligible education loan payments **due** during employer's tax year beginning in 2009, whether paid or not, and regardless of whether the amount was paid by the employer, the qualified employee or someone else 2. \$ _____
 - a) Multiply the amount on line 2 (\$ _____) by the number of months (____) each payment was **due** during the employer's tax year. Enter the result here: \$ _____.
 - b) Enter the total **annual** eligible education loan payment amount **actually** paid during your tax year beginning in 2009 by you (the employer), the qualified employee, other employers and anyone else. Enter the result here: \$ _____.

If line b is more than line a, **STOP**. You do not qualify for the credit. Do not file this worksheet with your return.

If line b is equal to or less than line a, go to line 3 and complete the remainder of the worksheet. Also, to support amounts entered on lines a and b, attach documentation from each lender showing the monthly payments due and the monthly payments actually made during your tax year beginning in 2009.
3. Enter line 1 or line 2, whichever is less 3. \$ _____
4. **Percentage of coursework completed.** Enter the percentage of coursework completed from the qualified employee's Student Opportunity Contact. Enter the amount as a decimal (for example, enter 25% as 0.2500) 4. ____ . ____ ____ ____
5. Multiply line 3 by line 4 5. \$ _____
6. With respect to that period of your tax year that the qualified employee was a resident of Maine working for an employer located in Maine, enter the **number of months** you, the qualified employee and/or anyone else made eligible education loan payments. **See instructions** 6. _____
7. Multiply line 5 by line 6 7. \$ _____
8. Enter the total amount of eligible education loan payments **paid by you, the employer**, during your tax year beginning in 2009 8. \$ _____
9. Multiply line 2b by line 4 9. \$ _____
10. Enter line 7 or line 9, whichever is less. 10. \$ _____
11. **Employer's portion of line 10.** Divide line 8 by line 2b 11. ____ . ____ ____ ____
12. **Tentative Credit Amount.** Multiply line 10 by line 11 12. \$ _____
13. Was qualified employee employed part-time (at least 16 hours but on average less than 32 hours weekly) during your tax year? If yes, enter 0.5000 on this line. If no, enter 1.0000 13. ____ . ____ ____ ____
14. **Credit Amount.** Multiply line 12 by line 13 and enter the result on this line. **C corporations:** Add the line 14 amounts of all worksheets completed and enter the total on Form 1120ME, Schedule C, line 29I. **Sole proprietors:** Add the line 14 amounts of all worksheets completed and enter the total on Form 1040ME, Schedule A, line 10. **Pass-through entities:** Enter the result here and see instructions for reporting amounts to owners 14. \$ _____
15. **Carryforward to 2010.** See instructions 15. \$ _____

2009
CREDIT FOR EDUCATIONAL OPPORTUNITY
WORKSHEET INSTRUCTIONS FOR EMPLOYERS

GENERAL INSTRUCTIONS

Note: The **Credit for Educational Opportunity Worksheet for Employers** and the related instructions below are for employers, including employers that are pass-through entities, making eligible education loan payments on behalf of qualified employees. Employers that are pass-through entities must also provide specific owner information to assist each owner in claiming their portion of the credit.

The Credit for Educational Opportunity is a component of the Job Creation Through Educational Opportunity Program available after 2007. Generally, the Maine Board of Education oversees the program, except for the credit, which is administered by Maine Revenue Services. The purpose of the program is to provide an income tax credit for education-related costs for Maine residents who obtain an associate or bachelor's degree from a Maine college, junior college or university and who, after graduation, live, work and pay taxes in Maine. The credit is available to qualifying graduates making eligible education loan payments and to **employers located in Maine** making eligible education loan payments on behalf of qualified employees. Students participate in the program by signing a Student Opportunity Contract after enrolling in a Maine college or university and by filing a copy of that contract with the Maine Secretary of State after graduation.

A **qualified employee** is a qualifying graduate who worked for you (the employer) an average of 16 hours or more per week during your tax year beginning in 2009.

Qualifying graduates are those individuals who:

- were Maine residents at the time of enrollment in the Educational Opportunity Program (a person can meet this standard even if he or she began living in Maine at the time of enrollment);
- attended a Maine college or university in pursuit of an associate's or bachelor's degree;
- lived in Maine while in pursuit of an associate's or bachelor's degree from a Maine college or university;
- obtained an associate's or bachelor's degree from a Maine college or university; and
- after graduation, are Maine resident individuals working for an employer located in Maine.

The first four criteria listed above are evidenced by the employee's Student Opportunity Contract filed with the Maine Secretary of State. Maine Revenue Services suggests that you obtain a copy of this contract, as well as an affidavit from the employee that they were a Maine resident individual (as defined by Maine income tax law) during that portion of the year you made eligible education loan payments for which you are claiming a credit. Copies of the contract and affidavit should be kept on file with your Maine income tax return or pass-through entity information return.

Credit amount. The credit for employers is equal to the eligible education loan payments (defined below) paid by the employer during the period of employment of the employee in the tax year, limited to the benchmark loan payment amount stated in the Student Opportunity Contract. The benchmark loan payment amount relates to a principal cap imposed on loans included in the individual's financial aid package. If the eligible education loan payments are made by the qualifying graduate and the graduate's employer(s), the total combined credit of the graduate and all employers may not exceed the benchmark loan payment amount. Also, a qualifying graduate and an employer may each claim a credit only on the basis of eligible education loan payments *they* each made. For example, an employer may not claim a credit for a loan payment made by the qualifying graduate. The credit may not reduce the tax otherwise due to less than zero, but any unused credit amount may be carried forward for up to 10 years.

Eligible education loan payments, for purposes of this worksheet, are payments made by an employer during the employer's tax year on behalf of a qualifying graduate with respect to education loans that are part of a financial aid package for attendance at a Maine college or university. Payments made on loans with a term fewer than 8 years do not qualify as eligible education loan payments. Generally, loans eligible for the credit are those loans listed in the Student Opportunity Contract. Payments made on refinanced eligible education loans qualify for the credit as long as the refinanced loan remains separate from any debt incurred outside of the individual's financial aid package, and only if the refinancing results in a decrease in overall indebtedness and annual repayment amount.

Ineligibility to claim credit. An employer is not eligible to claim the Credit for Educational Opportunity if they, their employee or anyone else in any way accelerates otherwise eligible education loan payments. Ineligibility for the credit commences with the tax year that the accelerated payments were made and for any future tax year. Also, any payments made by the employee on those loans do not qualify for the individual credit beginning with the tax year the accelerated payments

2009
CREDIT FOR EDUCATIONAL OPPORTUNITY
WORKSHEET INSTRUCTIONS FOR EMPLOYERS

SPECIFIC INSTRUCTIONS

Enter employer name and EIN in the spaces provided. Indicate the entity type by checking the box that applies. Also enter the qualified employee name and SSN and the Maine location from which the qualified employee worked during your tax year.

Note: A separate credit worksheet must be completed for each qualified employee for whom you (the employer) made an eligible education loan payment.

In the case of employers that are pass-through entities (S corporations, partnerships, LLCs, etc.), the shareholders, partners, members, etc., are allowed a Credit for Educational Opportunity in proportion to their respective interest in these entities. Pass-through entities must complete the worksheet in the same manner as other employers in order to calculate the credit amount. However, see specific instructions for line 15 regarding employer reporting requirements and how the credit may be claimed by owners.

Line 1. Enter the monthly Benchmark Loan Payment amount. This amount is stated in the qualified employee's Student Opportunity Contract.

Line 2. Enter the *monthly* eligible education loan payment amount **due** during your tax year beginning in 2009. This is the amount **required** to be paid to the lender each month, whether or not the amount was paid, and regardless of whether the amount was paid by the qualified employee, the qualified employee's employers or anyone else.

Line 2a. Calculate the **annual** amount of eligible education loan payments **due** during your tax year beginning in 2009. Multiply the amount you entered on line 2 by the number of monthly payments required to be made during your tax year, whether or not the amount was paid, and regardless of whether the amount was paid by the qualified employee, the qualified employee's employers or someone else. For example, if the qualified employee and the qualified employee's employers were required to make 6 monthly payments of \$250 each on the eligible education loan during your tax year beginning in 2009, multiply 6 by \$250 and enter the result (\$1,500) in the space provided.

Line 2b. Calculate the **annual** amount of eligible education loan payments **actually** made during your tax year by the qualified employee, the qualified employee's employers and/or anyone else. For example, if the employee was required to make 6 monthly payments of \$250 each on the eligible education loan during your tax year beginning in 2009, but only 5 monthly payments were made, multiply 5 by \$250 and enter the result (\$1,250) in the space provided.

Note: If line 2b is more than line 2a, it means that payments on the eligible education loans were accelerated during the tax year. An employer is not eligible to claim the credit if the education loan payments are in any way accelerated. If this has occurred, do not complete the worksheet and do not file a copy of the worksheet with your return. You also will not qualify for the Credit for Educational Opportunity in any future tax year with respect to this employee.

If line 2b is equal to or less than line 2a, complete the remainder of the worksheet. Also, to support amounts entered on lines 2a and 2b, provide documentation from each lender showing the monthly payments due and the monthly payments actually made during your tax year beginning in 2009. You should obtain this documentation from the qualified employee.

Line 4. Enter the percentage of coursework completed from the qualified employee's Student Opportunity Contract. Enter the amount as a decimal (for example, enter 25% as 0.2500). Enter 100% as 1.0000.

Line 6. With respect to that period of your tax year beginning in 2009 that the qualified employee was a resident of Maine working from your location in Maine, enter the number of months you, the qualified employee and/or anyone else made eligible education loan payments. For example, if the qualified employee graduated May 2009 and 6 monthly education loan payments were made beginning July 1, 2009, but the employee did not start working for a Maine employer until August 1, 2009, enter 5 on line 6. In this example, there are only 5 months that the qualified employee met all of the requirements. If in this example the qualified employee had started working for a Maine employer on July 1, 2009, you would have entered 6 on line 6.

2009
CREDIT FOR EDUCATIONAL OPPORTUNITY
WORKSHEET INSTRUCTIONS FOR EMPLOYERS

SPECIFIC INSTRUCTIONS (continued)

Line 8. Enter on line 8 the total amount of eligible education loan payments ***paid by you, the employer***, during your tax year beginning in 2009. For a definition of **eligible education loan payments**, see the General Instructions above. You may include on this line only those payments made on behalf of the qualified employee during the employee's **term of employment**. An employee's term of employment includes those periods the employee was actually employed by you, including periods of leave and vacation. For employers that customarily operate during a regularly recurring period of 9 months or more in a calendar year, the term of employment extends to the **full tax** year with respect to a qualified employee. For employers that customarily operate during a regularly recurring period of less than 9 months in a calendar year, including seasonal employers, the term of employment extends only to time periods the qualified employee was actually working for you during your **tax year**.

Line 11. This line is used to determine your portion of the available credit. Divide line 8 by line 2b. Enter the result as a decimal carried out 4 places (example, $\$25/\$100 = 0.2500$). If lines 8 and 2b are equal, enter the decimal amount as 1.0000.

Line 13. If the qualified employee worked for you an average of less than 32 hours per week during your tax year, enter 0.5000 on this line. Otherwise, enter 1.0000. **Note: You cannot claim a credit for an employee that does not work for you at least an average of 16 hours weekly during the tax year.**

Line 14. Pass-through entities must provide each shareholder, partner, member, etc., a copy of the credit worksheet(s) completed and a schedule showing the assignment/distribution of the credit to each owner. The assignment/distribution must be based on ownership interest in the entity. If multiple worksheets are completed, the employer may aggregate the credit amount of all worksheets for purposes of completing the schedule of assignment/distribution. The schedule must also include the name, address and federal ID number of the pass-through entity, and the name and SSN/EIN of each partner, shareholder, member, etc. Owners claiming the credit must attach a copy of the credit worksheet(s) and schedule of assignment/distribution.

Line 15. The credit on line 14 is limited to the tax liability of the taxpayer, but unused credit amounts may be carried forward for up to 10 tax years. If you are unable to use the entire credit amount on line 14 because of this limitation on Form 1120ME, Schedule C (C corporations) or the limitation on Form 1040ME, Schedule A (sole proprietors and other individual taxpayers), report the unused portion on this line and keep for your records.